

Aeronautical Systems Center

Dominant Air Power: Design For Tomorrow...Deliver Today



Emerging Policy

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Overview



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- **Acquisition Policy**
 - Contract Type
 - Proposal Adequacy
 - Head of Contracting Activity
 - IPT Pricing
 - MIRT Reviews
 - Source Selection Policy
- **Changes to the Defense Acquisition Management System**



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- **Contract Type**
 - Award Fee contracts only if no other contract type applies
 - Award Fee contract with subjective criteria requires HCA approval
 - Cost Plus Fixed Fee and Time & Material to be used rarely if at all
 - Incentive contracts must have measureable criteria tied to cost, schedule technical performance
 - Move towards hybrid contracts
 - For example, Cost Plus Incentive Fee with Objective Performance Incentives



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- **Proposal Adequacy**
 - AFMC Command requirement to include Proposal Adequacy Checklist with all sole-source RFPs
 - Assists contractors in preparing and submitting an adequate and compliant cost proposal
- **Head of the Contracting Activity (HCA)**
 - Deputy Assistant Secretary for Contracting (Mr. Scott Correll) for AFMC, AFSPC, and all PEO programs – was AF/PEO



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- **Integrated Product Team (IPT) Pricing**
 - Shift from IPT Pricing to “Traditional” pricing
 - IPT Pricing
 - Concurrent process accomplished by contractor and Government jointly
 - Traditional Pricing
 - Serial process accomplished by contractor and Government independently
 - Government defines requirements, requests proposal, evaluates proposal, establishes negotiation position



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- **Multi-functional Independent Review Team (MIRT)**
 - SAF/AQC mandated Multi-functional Independent Reviews for all competitive acquisitions greater than or equal to \$50M
 - Subject matter experts provide an independent review of the source selection to ensure: highest standards of excellence, open communication with industry, and a structured outcome with exit criteria at defined decision points
 - Consists of cross-functional team: Technical, Legal, Contracting, Small Business, Audit/Cost Analysts, etc.
 - Each MIRT requires 5 separate “Critical Data Points” (CDP) reviews for each competitive acquisition
- **PEER Review**
 - DoD “MIRT-type” reviews for acquisitions $\geq \$1B$



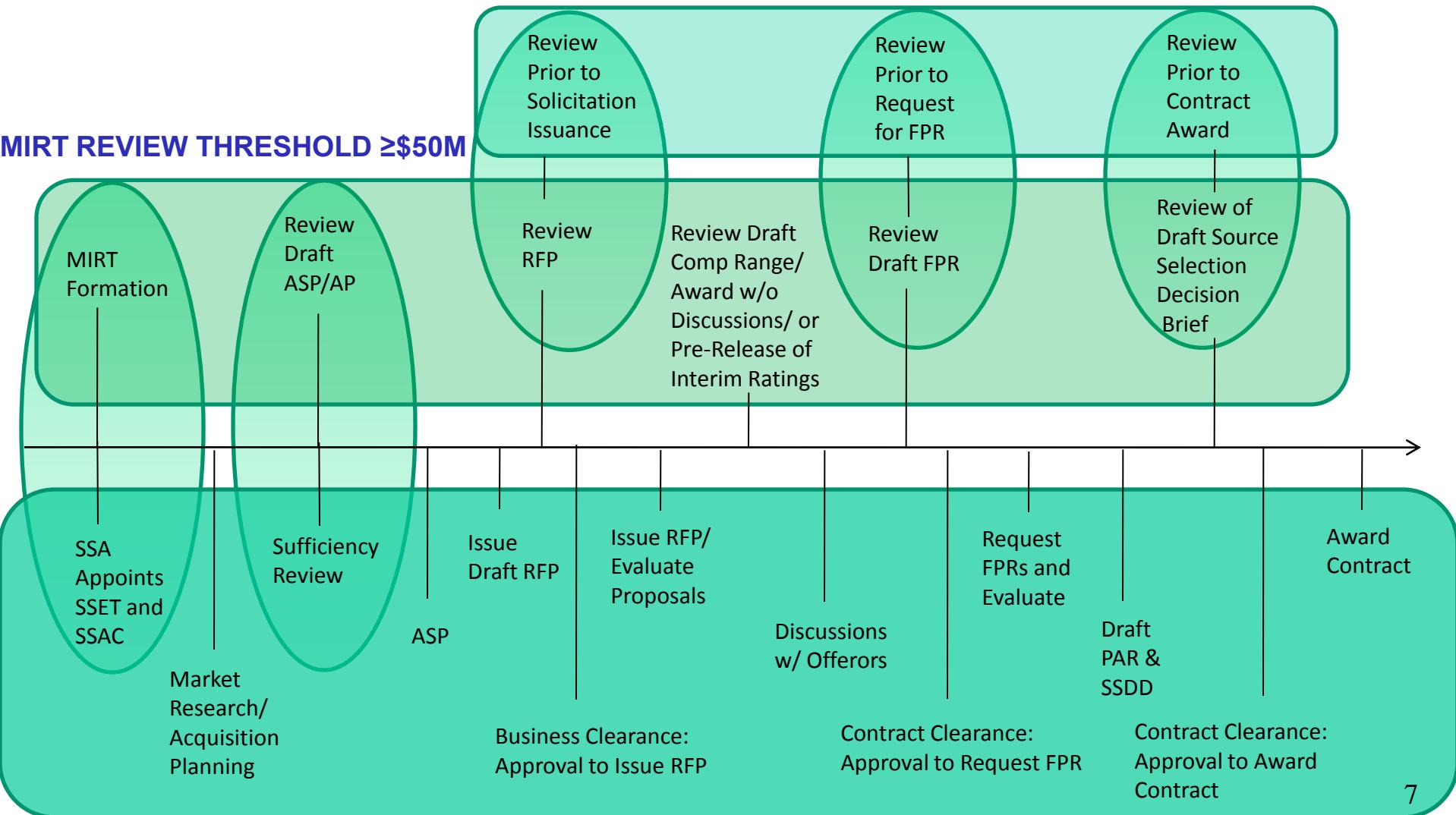
Milestone Reviews: Standard Source Selection



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PEER REVIEW THRESHOLD $\geq \$1B$

MIRT REVIEW THRESHOLD $\geq \$50M$





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- **Source Selection Policy**
 - Simplify!
 - More Low Price Technically Acceptable (LPTA) and Performance Price Trade-off (PPT) vs Full Trade Off
 - Event driven process vice schedule driven timelines
 - Simpler past performance evaluations
 - Ensure traceability of requirements from program → acquisition strategy → acquisition plan → Section L Instruction to Offerors → Section M Evaluation Factors for award → contract incentive → performance evaluation metrics



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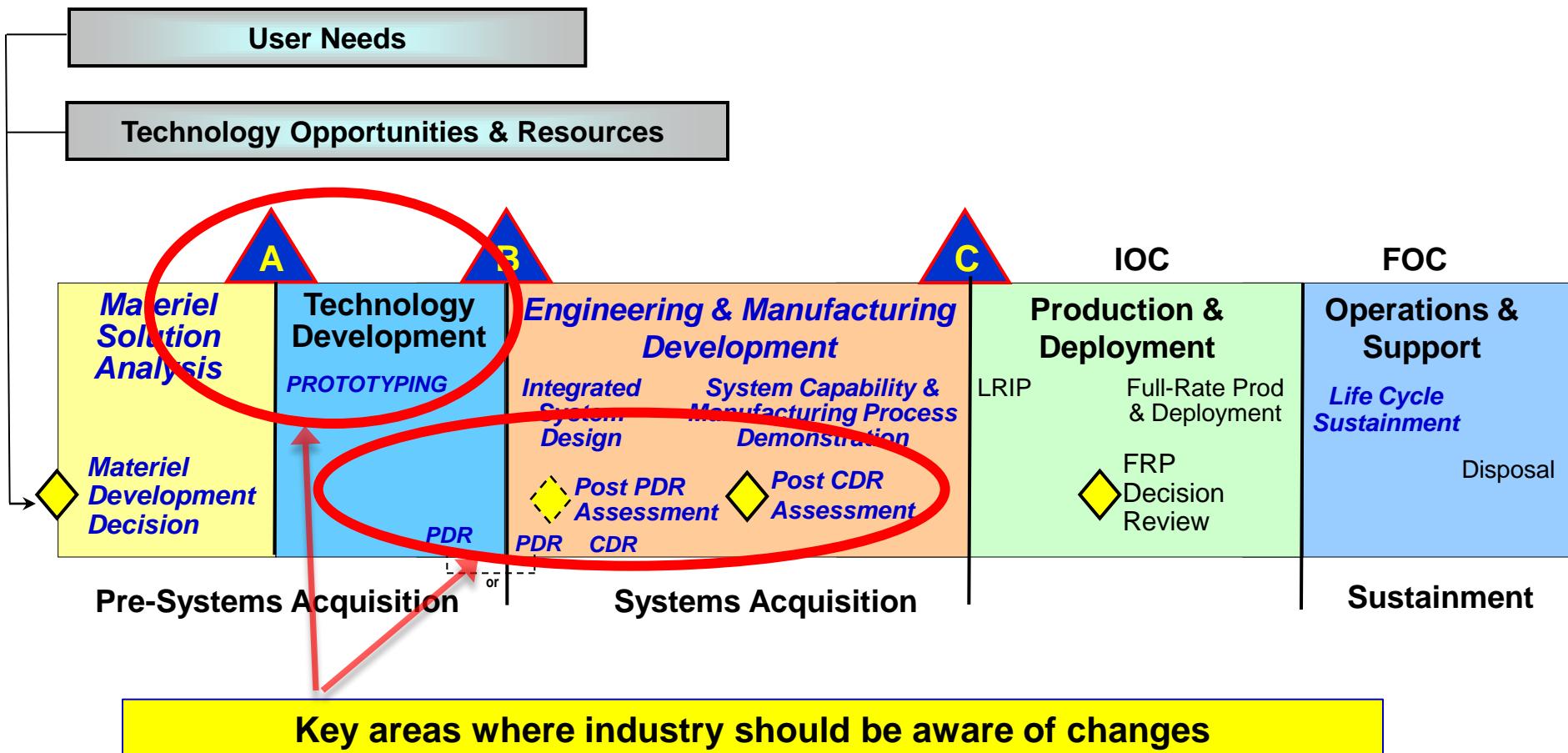
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Changes to the Defense Acquisition Management System



The Defense Acquisition Management System 2008

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Technology Development

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Purpose: Reduce Technology Risk, *Demonstrate Critical Technology on Prototypes, Complete Preliminary Design*



Enter: MDA *approved materiel solution* and TDS; *funding for TD phase activities*

Activities: *Competitive prototyping; Develop RAM strategy; conduct Preliminary Design Review (PDR)*

Guided by: ICD & TDS *and supported by SE planning*

Exit: Affordable increment of military-useful capability identified; technology demonstrated in relevant environment; manufacturing risks identified; *PDR conducted for candidate solutions*; system or increment ready for production within short time frame (normally less than 5 years *for weapon systems*)

New terms/requirements in ***bold blue italics***



Milestone A/Technology



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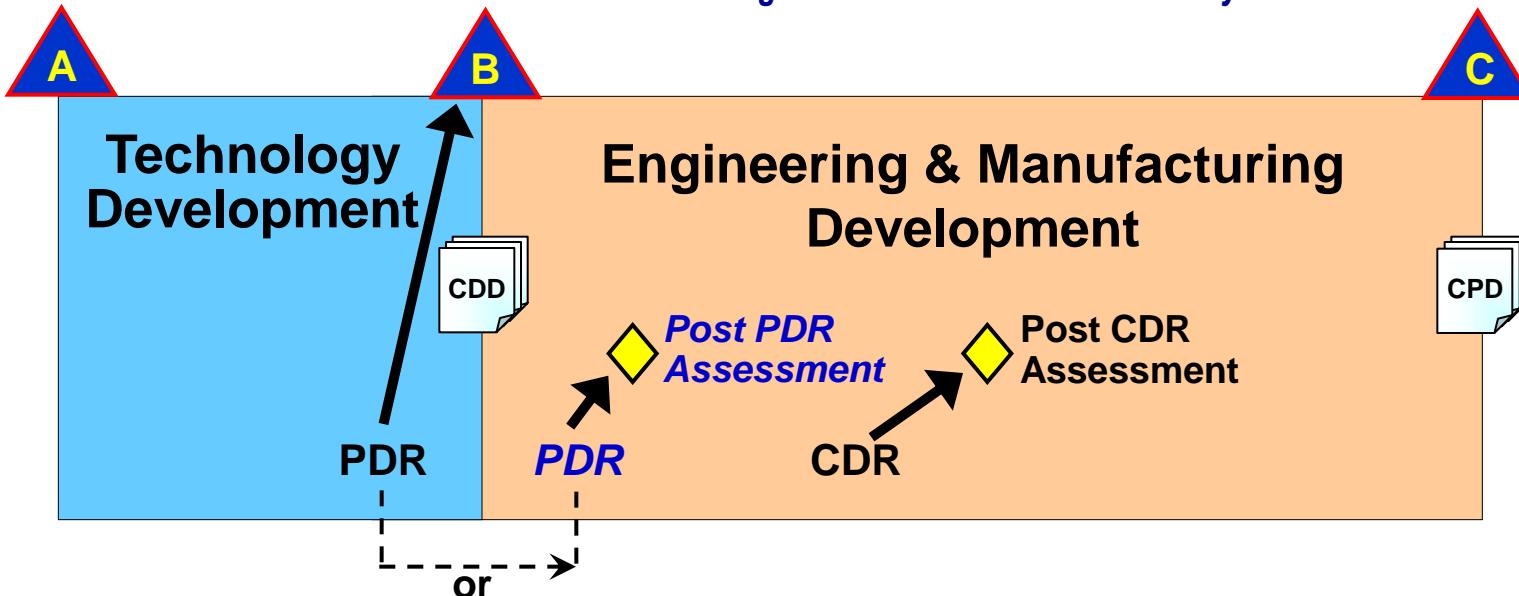
When would program enter phase of Technology Development?

- When technology development is required
- When competitive prototypes and PDR are planned before MS B
- On complex programs that require extensive integration of technologies and/or subsystems
 - LAIRCM
- Programs that require extensive trades studies and refinement of requirements
- When cost and schedule have a high degree of uncertainty
- Development efforts for new systems that involve significant new code development, significant software reuse, or significant COTS integration
 - Does not apply to recurring OFP upgrade programs



Design Reviews

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Design reviews under new 5000.02:

- Program conducts review
- Program generates a report
- MDA conducts a formal assessment



What does this mean to industry?



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- More competitions where two or more are taken through technology development/prototyping
 - Down selects based on some variation of prototype demonstrations and Preliminary Design Review results
- Even if there is no competition, successful completion of PDR is now Technology Development phase exit criteria (when PDR is conducted prior to Milestone B)
- Emphasis is to limit cost plus contracts to Technology Development phase
 - Expectation is post-PDR efforts should be fixed price except under extenuating circumstances

The Acquisition Warrior

Questions?

